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BEFORE THE
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:

ComEd's 2008-2001 Energy) No. 07-0539
Efficiency Portfolio) No. 07-0540
) No. 07-0541

Public Forum
160 North LaSalle Street
Chicago, Illinois

December 4, 2007

Met pursuant to notice at 7:00 p.m.

BEFORE:

CHIEF PUBLIC HEARING OFFICER ROBERT R. BENSKO.

SULLIVAN REPORTING COMPANY, by
Tracy L. Overocker, CSR

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1 CHIEF PUBLIC HEARING OFFICER BENSKO: This is a
2 public hearing on the energy efficiency demand
3 response measures, ComEd Case No. 07-0540, DCEO Case
4 No. 07-0541.

5 Good evening and welcome to the
6 Illinois Commerce Commission's public hearing. I'm
7 Robert Bensko and I will have conducted three public
8 hearings in the energy efficiency and demand response
9 measures case for tonights event. The first was last
10 Tuesday in Springfield, last Thursday in Rockford and
11 tonight.

12 Tonight we would like to hear your
13 comments on two proposals currently before the ICC
14 regarding how ComEd and the State Department of
15 Commerce and Economic Opportunity can implement new
16 state policy requiring electric utilities to use
17 cost-effective energy efficiency and demand response
18 measures to reduce electric consumption.

19 Comments on anything other than the
20 subject matter tonight at hand will not be accepted.
21 If anyone has a complaint about service billing or
22 any other subject, I ask that you meet with a

1 representative from the company after the hearing or
2 call the Illinois Consumers Services Division at
3 1-800-524-0795.

4 A new law requiring electric utilities
5 to use cost-effective energy efficiency and demand
6 response measures was approved by the legislature and
7 signed by the governor in August of this year.
8 Ameren, ComEd and the State Department of Commerce
9 and Economic Opportunity have filed plans to satisfy
10 the energy efficiency and demand response measures
11 and the ICC must approve those plans within the next
12 two months.

13 If you would like to comment on the
14 plans tonight, I will call your name in the order in
15 which you have signed up to speak. When called upon,
16 please state your name clearly and spell it for the
17 court reporter, who will make a transcript of all
18 comments presented tonight.

19 When you come up to speak tonight,
20 watch the cord that's there by the podium. Copies of
21 Ameren's, ComEd's and DCEO's plans are available on
22 the ICC Web site at ICC.Illinois.gov and you can file

1 comments through our Web site as well. Energy
2 efficiency and demand response information is at the
3 top of the main page -- Web page and there are
4 directions on how to file comments.

5 The docket numbers in these cases are
6 07-0539 for Ameren, 07-0540 for ComEd and 07-0541 for
7 DCEO's plan. We will begin with a summary of the
8 plans from ComEd and the Department of Commerce and
9 Economic Opportunity before we take comments. If you
10 have questions, please reserve them until after the
11 briefings are concluded.

12 At this time, I'd like to ask Sharon
13 Hillman, vice president of marketing and
14 environmental programs, to begin. After the
15 conclusion of ComEd's presentations, Mr. Hans
16 Detweiler, deputy director of Energy and Recycling,
17 will present DCEO's plan and then there will be -- a
18 question-and-answer period will follow.

19 Are there any procedural questions
20 before we start?

21 (No response.)

22 Seeing none, Miss Hillman.

1 PRESENTATION

2 BY

3 MS. SHARON HILLMAN:

4 Thank you for coming out on a snowy
5 night and I'm happy to be here to walk through
6 ComEd's programs. First of all, we wanted to set the
7 background for what were some of the policy
8 components of these programs and why we, at ComEd,
9 are so supportive of these programs, the legislation
10 that created them and why we're very -- working very
11 hard to bring these programs to our customers in the
12 state of Illinois.

13 In terms of understanding the impact
14 of this plan on the state, the three-year portfolio
15 will reduce energy consumption by about 1.2 million
16 megawatt hours by the end of the third year, which is
17 the same amount of energy it takes to power about
18 140,000 homes in one year. It will reduce peak load
19 by about 330 megawatts, that's equivalent to one very
20 large peaking facility or a freestanding one station
21 coal facility. It reduces carbon, equivalent to
22 removing 100,000 cars from the road. And on a net

1 present value basis over the life of the measures in
2 the program, it saves consumers \$155 million and
3 that's after all of the program costs.

4 The other thing that is significant is
5 that this legislation and this plan -- those plans
6 filed by ComEd and Ameren when combined will really
7 place Illinois at the forefront of energy efficiency
8 in this country. The state of Illinois, it could be
9 projected by year four be the second only to the
10 state of California in terms of megawatt hours saved
11 on an annual basis and it really does position
12 Illinois and the providers of these services in
13 Illinois as national leaders. ComEd will rank third
14 amongst utilities in the nation in terms of delivery
15 of its energy efficiency programs. Only -- the
16 utilities that will be larger at this point will be
17 Southern Gas Electric and Southern California, both
18 of which have significantly more customers than
19 Commonwealth Edison.

20 Some of the background on the
21 legislation and the plan that we filed, you can see
22 here the first bullet point walks through how many

1 megawatt hours are the goal for ComEd and that's the
2 goal for the programs offered by the combination of
3 Commonwealth Edison and DCEO. ComEd manages about
4 75 percent of the portfolio, DCEO manages about
5 25 percent of the portfolio and as you'll see later
6 on, DCEO programs are particularly targeted at the
7 public sector and other agencies that make sense
8 given DCEO's state leadership role.

9 In the legislation, there is a balance
10 between the goal and how much energy efficiency to
11 achieve and what we spend to do that. There's a
12 spending cap in the legislation that, in essence,
13 limits the increase to the customers' total bill,
14 both the energy component and the wireless component
15 of their bill to half a percent and that half a
16 percent increases by half a percent for four years,
17 so that by the fourth year of the program, the
18 maximum spending impact on customers' bills will be
19 2 percent.

20 As I mentioned earlier, the net
21 benefits were bill reduction of the portfolio of
22 \$155 million over the life of the portfolio measures.

1 And in accordance with the Act, we filed our plan at
2 the Commission on November 15th. It's a three-year
3 plan. As I will explain in more detail later, the
4 program roll out, assuming Commission approval in
5 February, the Commission has 90 days under the
6 legislation to review and approve the plan, we begin
7 in June of 2008 and gradually ramp up over the
8 three-year planning period.

9 Another components that is important
10 is that programs will be offered to all customer
11 groups; residential small C&I, large C&I. There are
12 programs in there portfolio for all customers and
13 it's really our goal under this legislation to
14 achieve the kilowatt hours savings across all
15 customer groups and to do that at a minimal cost as
16 possible.

17 This really just recaps some of the
18 information that you've already seen. What's
19 important on this slide is the estimated charge for
20 our customer. It is less than a tenth of a cent in
21 the first two years and grows to just over a tenth of
22 a cent per kilowatt hour over that time frame, and

1 impact on residential bills over the life of the
2 three years starts at under \$2.50 a year and rises to
3 a little closer to \$10 by the time you get to the
4 third year and that's before any benefits that the
5 customer would receive. For larger C&I customers,
6 the 400 KW to 1 megawatt customer group average bill
7 impact on annual basis could be around \$250 to a
8 little over \$700.

9 One of the things that was very
10 important to ComEd, to DCEO and also to Ameren in the
11 process of putting together the plan was to have a
12 very open and transparent stakeholder process. We
13 held four very large meetings along with very many
14 one-on-one meetings with key stakeholders. This
15 slide outlines who some of the key stakeholders were
16 and these are largely parties that were involved in
17 the environmental community in the developmental
18 legislation, consumer advocates, large customer
19 representatives, municipalities, including the City
20 of Chicago and -- so it started with a very broad set
21 of input. We also brought in national experts for
22 our second stakeholder meeting. Illinois has been a

1 little lag in some of the other states, in particular
2 on the West Coast and the East Coast, in the
3 implementation of its energy efficiency programs, so
4 there's a lot of expertise that we wanted to mime to
5 help us most effectively launch these programs, so we
6 brought in national experts. We also brought in
7 representatives from Excell Energy, which is a
8 utility in Minnesota, which has had utility energy
9 efficiency programs for many years. We wanted to
10 learn and incorporate all of that knowledge in our
11 program plan.

12 We had our final stakeholder meeting
13 just before the filing. That was an extremely broad
14 meeting and by the time we got to the fourth meeting,
15 we had over 400 hundred stakeholders registered in
16 our database as interested stakeholders that either
17 attended one of the meetings or asked for information
18 out of those meetings. The final meeting was much
19 broader in that we invited key infrastructure
20 suppliers such as lighting providers, consultants, et
21 cetera, who will be very key to developing the
22 delivery of the programs to customers as well as we

1 invited, in ComEd's case, all 19 of the retail
2 electric suppliers to the meeting.

3 This slide is meant to give you a high
4 level of understanding of how we think about these
5 programs and how the programs fall out by customer
6 type. One of the challenges here is that we need to
7 make this simple for customers. So our marketing
8 philosophy, which is based on best practices analysis
9 of energy efficiency programs across the country, is
10 to have customers phasing program solution sets. So
11 if you look under the program line what we -- we want
12 to make it easy for the customer where the customer
13 can come to a Web site or can call us and have
14 questions and say, What kind of customer am I? Oh,
15 I'm a residential customer, I go here, these are the
16 programs for our residential customers.

17 So the five buckets that we anticipate
18 having as our market base to customers, at least
19 initially at a high level are residential, business,
20 nonprofit organizations fall in the category of
21 businesses as they are a C&I customer, public sector,
22 schools and low-income programs. As I mentioned

1 earlier, DCEO will manage about 25 percent of the
2 program funding and their main focus is in the public
3 sector, schools and the low-income programs.

4 Another item that I'd like to point
5 out here is that education and market transformation
6 is very key, especially since we're at a starting
7 point for this state and this is an area where we've
8 taken a fair amount of stakeholder input and we
9 continue to look for stakeholder input in this area
10 in our ongoing stakeholder processes which, as we
11 explained in our filing, our plan, that we plan to
12 continue to have an ongoing stakeholder process. The
13 stakeholder process didn't stop at the time of
14 filing, it will continue because stakeholder input
15 will be even more critical once we begin program
16 development and program launch.

17 And, so -- one of the areas also where
18 we had a lot of stakeholder inputted during our
19 process was the large buildings and for customers on
20 individual meters, access to data and having the
21 access to that data be part of the program. We heard
22 that. That is incorporated in our program plan to

1 make that available for building owners as well as
2 any customers that have individual meters who
3 participate in our energy efficiency programs will
4 have access to our automated energy insight on-line
5 program.

6 I'm going to spend the next couple
7 slides talking specifically about each of the major
8 program budgets and buckets. You will notice that
9 not all programs will be launched in 2008. The
10 program years are a planned year that runs from June
11 to May. We will be launching in June 2008. The
12 programs that are less complex, geared towards
13 harvesting some of the low-hanging fruit of energy
14 efficiency in the state of Illinois, lighting -- I
15 have a lot of lighting emphasis because of the state
16 of the development of energy efficiency in the state
17 of Illinois, there's a huge potential in a short time
18 frame to get a lot of the benefits from lighting
19 programs.

20 Programs that will be launched in
21 either the second half of the planned year 2008,
22 which is basically January 2009 or in year two are

1 being launched at a delayed state either because we
2 need to develop infrastructure to deliver those
3 programs in the state. An example being air
4 conditioner, HVAC, residential, in particular
5 targeted programs will require us to recruit, train
6 and certify HVAC providers to make sure that the
7 programs are actually implemented properly to obtain
8 the projected energy efficiency goals, so that's an
9 example of programs that will be launched in 2009
10 because of the need to build infrastructure in this
11 state.

12 Another components of the programs
13 that you will notice, especially when you look at the
14 residential sector, is that our whole house programs
15 are focused on all electric homes. There's a reason
16 very specific to the legislation because of that that
17 I wanted to explain. The legislation applies only to
18 the electric utilities, it does not apply to gas
19 utilities and the current interpretation of the
20 legislation also is gas savings that would come from
21 the programs that were whole house do not count
22 towards something called the total resource of cost

1 test. Under the legislation, all programs have to
2 pass a total resource cost test. Because ComEd's
3 service territory has very high level of gas space
4 heat penetration, we've had to focus our programs in
5 order to pass that test on either all electric homes
6 or on the electric components within a home. So, for
7 example, our new construction program will focus on
8 lighting and building those relationships with
9 developers that focus on lighting and other all
10 electric applications.

11 In terms of residential programs, the
12 first program most of our customers are familiar
13 with. For the last two years, ComEd has run, based
14 on shareholder dollars, Change a Light, Change the
15 World bulb lighting programs, CFLs in the fall. The
16 size of that program over the last two has been has
17 been a little over 2 million bulbs. We have very
18 successfully been able to move and place those bulbs
19 and the size of the residential lighting program in
20 the first year is about two and a half times the size
21 of the program that we have been running for the last
22 two years, so that's an area where we have had a lot

1 of experience locally, a lot of infrastructure in
2 place and we'll be ready to launch that immediately.

3 Another program we plan to launch
4 immediately is appliance recycling, which is largely
5 focused at second and over 10-year-old refrigerators
6 and freezers as well as window air-conditioning
7 units. The concept here is to take energy costs off
8 the market, make sure they're off the market and also
9 recycle them. As I learned in the process of working
10 on this plan with the latest of the art recycling,
11 the benefits from a global greenhouse gas perspective
12 of those programs are actually greater from recycling
13 than actually removing the appliances from the grid,
14 so that is a program that we do plan to launch
15 immediately, and we're also working with Ameren and
16 DCEO, we want to attract a high tech appliance
17 recycling to the State to maximize the benefits of
18 this program, so that is part of our strategy.

19 Also mentioned earlier a multi-family
20 all electric sweep. Obviously in Commonwealth
21 Edison's service territory, we do have a fair number
22 of all electric multi-family customers, that's the

1 largest component of all electric, concentrated both
2 downtown and out in the suburban areas.

3 As I mentioned earlier, HVAC, which
4 when you think about air conditioning, air
5 conditioning in a single-family home is typically
6 with central area, it's typically about two-thirds of
7 their summer electric bill and -- so it's very
8 important to improve efficiency of both existing air
9 conditioning as well as new installation that will
10 require us recruiting, training and certifying
11 vendors and those programs will be launched in June
12 of 2009.

13 Also for June of 2009 would be an
14 advanced lighting program aimed at new construction
15 market. Part of what we have to balance here is a
16 gradually increasing amount of funding for the
17 programs with a need to hit the kilowatt hour goals.
18 Obviously new construction in the long run reaps
19 great benefits because you get to start from square
20 one, but you don't actually get to take advantage of
21 the kilowatt hours until the construction is
22 complete. So we have to phase into that and for the

1 new construction for the residential sector, we'll
2 focus on incentives for home builders for lighting.
3 And, similarly, for single-family home energy
4 performance, it would be aimed at improving the
5 efficiency of all electric single-family homes. We
6 don't have a huge number of those at Commonwealth
7 Edison, but there's enough that we think that that
8 program is merited. It also helps those customers
9 who are using electric for their heat.

10 I neglected to mention earlier but,
11 really, we're supportive of these programs for two
12 real key measures. One, it gives customers a tool to
13 help them improve their home environment and save
14 money on their bills; and, two, it is good for the
15 environment.

16 Commercial and industrial programs,
17 similar to the residential programs, they will have a
18 heavy emphasis on lighting because there's a lot of
19 opportunity for lighting in our service territory.
20 We will launch a simpler or prescriptive programs
21 immediately in June. An example of that being, there
22 will be incentives for changing out an inefficient

1 T-12 light fixture for a T-5 light fixture. Those
2 will be very prescriptive and there's a fairly
3 detailed explanation of the types of prescriptive
4 programs and rebates that we expect to have in the
5 planned filing, and that will be like all programs on
6 a first-come first-serve basis. ComEd, DCEO, Ameren,
7 we are all motivated to this in the most
8 cost-effective manner as possible because our
9 performance is measured based on achieving the
10 kilowatt hour goals, so we would be highly motivated
11 to bring customers into the programs as quickly and
12 effectively as possible.

13 In the fall of 2008, we expect to
14 launch a custom program. A custom program will be
15 for larger customers, in particular, our C&I
16 customers who have specific energy efficiency
17 projects that they want to do at their facility.
18 They will be able to bring proposals to the company,
19 go through an engineering review and we will
20 determine incentives on a project-by-project basis.
21 General, overall rule of thumb, especially for the
22 C&I programs, is to provide enough incentive to bring

1 the payback to the customer down to about a two-year
2 payback and that goal is generally based on best
3 practices research.

4 We also want to make sure that we
5 reach the smallest and the hardest to reach of
6 commercial industrial customers and those are the
7 small watt meter customers, many of them do not own
8 or control their own facility. We want to figure out
9 who they are, we want to help get them identified, we
10 want to give them enough information so they can go
11 to their landlords to encourage their landlords to
12 participate in these programs. So we will be doing a
13 CFL fulfillment program where we will mail them
14 postcards and if they return the postcard, they will
15 receive an energy efficiency kit that will include
16 CFLs and tips and information about how to further
17 improve their energy efficiency.

18 We used this approach with our
19 low-income customers this year with our lighting
20 program and had a phenomenal hit rate. We had over
21 45 percent of the customers return their postcards to
22 get the energy efficiency kit. I think that is

1 probably a marketing record for fulfillment. Think
2 about it, when you get a postcard in your house, how
3 many do you actually return that, so we're going to
4 take that same approach with the smaller, harder to
5 reach C&I customers.

6 We also plan to launch in January of
7 2009 a retrocommissioning program and
8 retrocommissioning is basically a way of determining,
9 implementing low to no-cost measures in existing
10 buildings for energy efficiency savings. We received
11 a lot of stakeholder input that customers would like
12 to see more of this in the plan, so we increased it
13 from where we started. And the other thing that I
14 want to share with you tonight is that if this takes
15 off, if the market for that is here in our service
16 territory, this is an example of where we would use
17 the flexibility that we hope to get from the
18 Commission for the plan of funneling more dollars
19 towards this program because it will be very
20 cost-effective. We think it may take a little time
21 to build market awareness and support for this, but
22 we're very committed and do understand and took

1 stakeholder input that this would be an important
2 program.

3 And finally, C&I new construction to
4 launch in June of 2009, and that would really provide
5 design assistance and incentive to building designers
6 and developers and architects for building more
7 efficient buildings here in our service territory.
8 ComEd has an existing economic development and new
9 business function, so part of how we will leverage
10 this is we are obviously aware when new business
11 comes to both our economic development efforts and
12 our new business process, so this will just take time
13 to reap kilowatts because -- especially in C&I
14 construction cycles it will be anywhere from a year
15 to three years between design and actual completion
16 of the building.

17 There slide is meant to talk a little
18 bit about how do we see the programs evolving over
19 time. As I mentioned earlier, because Illinois is in
20 a -- relative infancy in terms of energy efficiency
21 programs, we have a lot of fairly low-tech best
22 practice base solutions that are included in the

1 first three-year plan, but we do realize that over
2 time we're going to need to move towards the more
3 high-tech avenues of energy efficiency, smart homes,
4 smart grids, what we consider to be the conversions
5 of energy efficiency and peak load or demand
6 response. This is very related to other activities
7 that will be going on during this three-year
8 first-year plan period where we all know that moving
9 to automated meters and smart meters is a topic in
10 other venues at the Commission.

11 And, so, we basically see this
12 evolving where the first three-year plan is taking
13 tried-and-true measures with a small R & D component,
14 there's about 3 percent allowed under the legislation
15 R & D and evolving that in the second three-year
16 plan.

17 With that, it pretty much concludes my
18 presentation. This slide, it just lists other ComEd
19 programs that are not covered under the energy
20 efficiency plan that are either funded through other
21 existing regulatory mechanisms or ComEd shareholder
22 dollars. I just wanted to share with everyone some

1 of the other programs that we already have in place.

2 And in conclusion, I just want to talk
3 a little bit about the time line from here on out.

4 As I mentioned earlier, on the legislation, the ICC
5 decision is scheduled to be completed by
6 February 15th. The program launch is June 1st.

7 Between February 15th and June 1st, we will have a
8 lot of outreach. We will also begin the procurement
9 process for vendors to help us -- and partners to
10 help us deliver the programs. We have ongoing
11 legislation, semiannual reporting to the Commission
12 and stakeholders, as I mentioned earlier. ComEd is
13 committed to an open and transparent key stakeholder
14 process and we're currently working with stakeholder
15 parties to figure out what should be -- the details
16 be of a longer-term stakeholder process, but we would
17 envision that that would be at least quarterly and
18 more frequent than that, probably in the early stages
19 of the programs.

20 And we do understand the importance of
21 customer education and outreach. I mentioned a
22 little bit about that when I talked about the

1 solution buckets and we're very excited about
2 bringing these opportunities to our customers, both
3 to help them save money on their bills and to help
4 the environment. Thank you.

5 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank you
6 very much.

7 Hans Detweiler will speak from
8 DCEO.

9 PRESENTATION

10 BY

11 MR. HANS DETWEILER:

12 Thank you all for coming tonight.

13 It's a pleasure to be here. Some of you have heard
14 this before. If you haven't heard this before, then
15 I will try and at least make it appear as though I'm
16 giving this for the first time.

17 DCEO in the design of this overall
18 portfolio -- basically, we talked to a lot of
19 different groups, we put those groups in two
20 categories. One is what we call stakeholders groups,
21 these were basically active in the legislative
22 process in drafting the original legislation that we

1 are now fulfilling with the plan that we filed on
2 November 15th. And then the other groups are the
3 groups that are the sort of key customer classes and
4 other state agencies that we are going to be working
5 with in implementing the efficiency portfolio
6 standard. So, in particular, a lot of the municipal
7 groups.

8 CHIEF PUBLIC HEARING OFFICER BENSKO: Hans,
9 excuse me, can you speak a little louder for the
10 court reporter.

11 MR. HANS DETWEILER: Sure.

12 In terms of how DCEO went about
13 designing the overall portfolio, basically, there
14 were a couple of key decisions that we made. We made
15 the decision that we would administer the low-income
16 programs and in consultation with the utilities, we
17 made the decision that the definition of public
18 sector entities that would be eligible was on the one
19 hand fine, we would meet the 10 percent threshold as
20 defined in the law; but then on the other hand, we
21 would also serve other public sectors entities;
22 namely, state governments and the universities as

1 well. And then finally, we made the decision to sort
2 of leverage on DCEO's existing expertise and
3 experience that we would go after sort of market
4 transformation training programs which are critical
5 to the long-term success, meaning the longer out-year
6 goals of the overall portfolio.

7 And when you sort of combined those
8 with the factors that we've talked about here, the
9 statutory requirements in terms of serving the public
10 sector and the low-income sector, partnerships with
11 state agencies, leveraging the current programs,
12 needing to meet the three-year goals within the cost
13 cap and meeting the longer-term goals after that,
14 from that point that the big picture -- the portfolio
15 really designed itself.

16 A couple of other key points in terms
17 of the portfolio design, there are some things which
18 are not entirely evident in the filings specifically,
19 but they have a definite impact about how we went on
20 designing the portfolio. Have other funding sources
21 in addition to the efficiency portfolio standards
22 which we're using, in particular, for some sort of

1 admin costs. We have federal funds, we had a
2 formula -- formulaic federal grant every year that's
3 around \$1.8 million in support of energy efficiency
4 programs. We have other state funds such as the
5 Energy Efficiency Trust Fund, we also applied for and
6 receive their competitive federal funds and there are
7 occasional funds from the Illinois Clean Energy
8 Community Foundation that we receive for various
9 programs such as codes and training support and
10 things like that as well. So it's something that's
11 not necessarily immediately apparent in the filings
12 that we're getting additional support from some of
13 those other funding sources.

14 Another thing that's worth noting is
15 that DCEO really has taken the burden of doing the
16 training programs and the market transformation
17 programs. The only reason that we were able to do
18 that was because when we were negotiating the 75/25
19 split with both of the two utility companies, they
20 both agreed that we would split the funds, we would
21 make the 75/25 split on the basis of dollars and,
22 therefore, DCEO could effectively underperform on the

1 kilowatt hour goals in order to allow us to run
2 training programs which everybody agrees are very
3 important, everybody seems to agree are necessary to
4 meet the longer-term goals of the portfolio standard
5 but which are difficult to impossible to measure what
6 the actual kilowatt hour reductions are that comes
7 from those kinds of programs, so that shows up on the
8 portfolio as an under performance of kilowatt hours.

9 In terms of the overall breakout of
10 the program so the -- there's the public sector, the
11 low-income and then technical assistance, education
12 and training, market transformation programs, now the
13 way the statute works in terms of the low-income
14 programs -- I'm sorry, in terms of the public sector
15 programs, there's a requirement that we spend at
16 least 10 percent of the overall portfolio which is at
17 least 40 percent of the DCEO, 25 percent, if you
18 follow that, on the first three sectors, the
19 municipal, the K through 12, and the community
20 colleges. Now, we additionally decided going beyond
21 that -- we will certainly meet that statutory
22 requirement, but we're also going to support

1 universities and state facilities as well as other
2 projects from the first three categories that go
3 beyond that 40 percent or 10 percent requirement. So
4 overall we're estimating that we'll spend 65 percent
5 of the total fund on public sector programs.

6 Generally we find those to be very cost-effective.

7 The low-income sector would be about
8 25 percent of our portfolio and the low-income
9 sector, unlike the public sector, what the statute
10 says you are to spend the pro-rata share for the
11 low-income sector, so it's not that we can spend at
12 least what the low-income sector is contributing in
13 terms of the total power purchases in the state --
14 between the market share in the state, it's that we
15 have to spend, basically, exactly that, whatever
16 their share is. So that will be approximately
17 25 percent.

18 And then in addition, both technical
19 assistance to help people with various types of
20 assessments -- customers with various types of
21 assessment and education and training.

22 This just gives you a quick breakout

1 in terms of what the overall estimated size of DCEO's
2 portfolio is, it's around 13 million, ramping up to
3 14 and a half million by the time you get to year
4 three.

5 And then to spend a little bit of time
6 on the breakout of different program areas, in terms
7 of the public sector, I think what you'll see and
8 certainly this is very much by design is that this
9 program mirrors significantly what you are seeing the
10 program offerings of two electric utilities. So the
11 overwhelming majority of dollars are going to go into
12 the prescriptive and custom programs and the
13 prescriptive programs will vary at maybe, not 100
14 percent level of detail but at a very high level of
15 detail, we'll watch the offerings of Ameren and
16 ComEd. So if you are a vendor that is looking to do
17 lighting retrofits, it's not going to matter to you
18 too much; if you're in market of schools or town
19 halls or your in market is private commercial
20 businesses, the incentives are going to look pretty
21 similar.

22 The custom program we definitely have

1 built a customer program and we hope to find very
2 cost-effective opportunities in the custom space. We
3 are a little bit unclear beyond some sort of obvious
4 targets which are universities, labs, hospitals and
5 electric railroads. We're a little unclear how big
6 that long-term custom space is going to be. I mean,
7 if you got a lot of, basically, municipal commercial
8 buildings, most of their need for energy efficiency
9 services are going to be met through the
10 prescriptive program. I don't think we know the
11 answer to that yet, we'll see how that goes. We need
12 some freedom to adjust on an ongoing basis for that,
13 but we anticipate the lion's share will be
14 prescriptive, but we need to have the option of the
15 custom side.

16 Similarly, we're going to offer a new
17 construction program which is basically going to be a
18 per kilowatt -- I'm sorry, a per square foot payment
19 as the -- as you exceed building codes for specific
20 projects, so if you are 10 percent or 20 percent
21 beyond the building code, then you get escalating
22 payment per square foot for those facilities.

1 And then in its own very distinct
2 corner, there's the Lights for Learning Program.
3 This is not a program which is aimed at reducing the
4 load of schools themselves, it's an education program
5 which is run through the schools through their
6 fund-raising groups where you got school fund-raising
7 groups that are selling ComEd florescent or other
8 energy efficient, LED, for instance, lighting and
9 they use that as a fund-raiser and you actually do
10 get to count as those are installed kilowatt hour
11 reductions that result from that program.

12 In the low-income sector, DCEO has run
13 a number of low-income programs for an extended
14 period of time. In fact, the first program which is
15 modeled on the energy efficient affordable housing
16 construction program which, literally, we've run
17 since the 1908s, we've never had enough funding to
18 adequately serve the demand, so we're very much
19 looking forward to the additional resources made
20 possible through the electric energy efficiency
21 portfolio standard to run this program.

22 Basically, the way to think about the

1 first two programs is on the gut rehab and new
2 construction, if you've got developers that are doing
3 either new construction of multi-family or new
4 construction of single-family or if you've got gut
5 rehab on existing multi-family housing and if you are
6 willing to take an entire menu of options and do the
7 entire group of options, make all of the list of
8 energy efficiency improvements that are recommended,
9 then you got get a standard payment per unit. If,
10 however, you are not willing to take an entire list,
11 you are not willing to do the entire group of those
12 improvements, then are you not eligible for that
13 program. Instead, you would go into what's called a
14 moderate rehab program, that's one where you could
15 pick and choose off of the menu and do it that way.
16 We do find that we're going to get better -- more
17 cost-effective results from the comprehensive
18 program; but just because of the scale of the program
19 that we're looking at, there's not enough demand, we
20 don't think, to do the whole low-income program
21 portfolio through just that program, we need to get
22 as many of the opportunities where there's just --

1 they're doing more limited rehab in the facilities
2 and, so, that's what that moderate rehab program is
3 about.

4 The remodeling of the single-family
5 homes, this is getting at existing low-income
6 single-family homes, it's a hard nut to crack. We're
7 looking at some partnerships with Shore Bank and a
8 number of other entities to do this. We want to have
9 an opportunity out there -- it's not going to be a
10 huge dollar program, but we want to make the effort
11 to see what we can do in that area.

12 The direct install program, this is
13 really command and control partnership with other
14 state agencies like the Department of Healthcare and
15 Family Services where we've identified customers that
16 are in the low-income class, you go in and, you know,
17 you replace the lights, you replace the fridge, you
18 do those kind of things and count those kilowatt hour
19 savings. That is not going to be nearly as
20 cost-effective as the new construction and the gut
21 rehab programs, but it's -- we're going to need a mix
22 of everything to meet the overall portfolio goals.

1 The technical assistance programs,
2 these are basically different ways of providing
3 assessments to customers to help them identify
4 cost-effective energy efficiency opportunities. We
5 have the existing SEDAC Center at the University of
6 Illinois School of Architecture. Basically we're
7 going to be expanding this program. It's currently
8 only available to private small business, we're going
9 to make it available to public sector entities as
10 well.

11 Similarly, for -- even for larger
12 customers, you've got the LEAP Program, which is a
13 rebranding of our existing manufacturing
14 energy-efficiency program. It's really a program
15 which is designed currently to provide management
16 practices assessments so -- helping senior managers
17 understand how they're going about making energy
18 decisions, what are the processes that they need to
19 have in place as they're making energy decisions and
20 then what are the technical assessments that follow
21 from that. So we're going to rebrand that as LEAP,
22 the large Customer Energy Analysis Program. So,

1 again, public sector -- large public sector entities
2 will be available for that as well and the goal of
3 both of these programs is to drive people to both --
4 drive customers, both public and private, into either
5 the ComEd, Ameren or the DCEO custom and prescriptive
6 programs.

7 Finally, education and training
8 programs, basically, a comprehensive sweep, we're not
9 going to be able to do all of these completely, but
10 we're going to have to prioritize which ones will
11 have the greatest impact in terms of the ability
12 of -- the utility of these programs supporting the
13 long-term goals, the later out-year goals of the
14 electric portfolio standard. So, you know, for
15 instance, the commercial contractor's end of life
16 replacement and rehab program, we know that there's a
17 lot of guys that are out there that are replacing
18 HVAC equipment as it fails. It's a great opportunity
19 for them to do right sizing, to recommend more
20 efficient equipment and to look at more comprehensive
21 packaging of what else can happen in the same
22 facility at the same time; but, really, in the actual

1 world of the contractors that are doing that work
2 today across Illinois, they're really not paying much
3 attention to energy efficiency right now and, so, we
4 think there's a great opportunity to build the skill
5 set, that's just one example; but in commercial
6 residential, industrial and codes, there's a great
7 opportunity to build skill sets of the energy
8 efficiency and would be energy efficiency service
9 providers in all of those sectors around the state.

10 In terms of the initial implementation
11 of this, we've produced deemed savings. These
12 savings, if approved, would apply to the initial
13 period. If in, through the collaborative process or
14 the evaluation process, if it's determined that
15 there's a problem with those and we need to go with
16 something else, then the revised standards would
17 apply going forward but would not apply
18 retroactively.

19 In terms of the overall collaborative
20 process, it will be an advisory party -- panel with
21 all of the key parties participating in the process.
22 They played a leading role in drafting the RFP and

1 circulating -- selecting the evaluation firm and
2 ongoing program design analysis and recommendations.
3 All of that would be funded out of the 3 percent set
4 aside that was established in the statute.

5 When you look at the overall impact
6 and the goals, not just of the standard -- not just
7 of the energy efficiency standard, but also of the
8 RPS, so this is for both -- not just DCEO, but also
9 Ameren and ComEd, you get a .7 percent reduction in
10 total kilowatt hours delivered, which is 6.3 million
11 megawatt hours, 2,400 megawatts of capacity of
12 renewables -- wind energy is the assumption there --
13 installed, significant carbon reductions, significant
14 job recreation, both from money saved on the energy
15 efficiency side and from the economic activity on the
16 renewable energy investment side and a total of 2 and
17 a half billion of new economic stimulators.

18 This is the same data just displayed
19 graphically and, again, as Mr. Bensko indicated, all
20 of this material is available for people in the
21 future and that is it.

22 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank

1 you.

2 MR. HANS DETWEILER: Thank you.

3 CHIEF PUBLIC HEARING OFFICER BENSKO: I'm going
4 to go out and get the other sign-up sheet. If there
5 is anyone in the room that would like to speak on the
6 record tonight and you haven't signed up on the
7 sign-up sheets, I ask you to please go do so at this
8 time.

9 As Hans said when he started, this is
10 the third time that we've heard a lot of this stuff
11 and most of you in the room have heard the -- you
12 know, the reports from ComEd and DCEO. Now I want to
13 hear from the public and I'd like you to use the
14 microphone so that the court reporter has an accurate
15 record. I ask that you step up to the microphone,
16 state your name and spell it so that she can get an
17 accurate record.

18 So the first person I'd like to call
19 on is Mike Stanch.

20 STATEMENT

21 BY

22 MR. MICHAEL STANCH:

1 My name is Mike Stanch, I'm the owner
2 of Stanch Lighting and Energy. I've been in the
3 energy efficiency business since 1992. I've been
4 running my own business for about seven years. I
5 provide lighting design and implementation services
6 and also renewable design and implementation services
7 and just recently, I made an agreement with schools
8 for energy efficiency to be their independent sales
9 rep for Illinois.

10 I've been in the Chicago area for
11 13 years in this business. I moved here from
12 Minnesota with a lighting retrofit company and we
13 came here without a state program but with high
14 electric rates that we knew about which were higher
15 than Minnesota, probably by about 20 or 30 percent;
16 and then also very little had been done among the
17 customers in this area. The business has been steady
18 and growing over the years, but I'm ecstatic that we
19 finally have an energy efficiency portfolio standard
20 in Illinois and that it will become -- it will be
21 implemented in 2008. It's been a long time coming
22 and this will really incentivize customers to do

1 energy efficiency upgrades on a widespread basis.

2 As to the specific plan, I feel
3 overall it's a good design for promoting energy
4 efficiency activity. I think it's a little too
5 overreliant on give aways for CFLs but, you know,
6 that should evolve to a more permanent solution down
7 the road.

8 The one thing that I would say is that
9 the key in these programs is to train and equip
10 trades allies with the information assistance to
11 implement these measures. If you don't do that, you
12 know, you are going to have the greatest plan in the
13 world, but it won't -- nothing will happen.

14 My initial experience in energy
15 efficiency was with Northern States Power in
16 Minnesota and also with Focus on Energy in Wisconsin
17 and it was a very positive experience, a very
18 exciting time in Minnesota for energy efficiency.

19 The filing -- as far as I can see, the
20 filings by both the State of Illinois and ComEd
21 reflect the best practices and the energy efficiency
22 area. Illinois gets the benefit -- I mean, they're

1 kind of a late-comer to this, but they get to learn
2 from others' mistakes that have happened in the past.

3 And in conclusion, I look forward to
4 working with these programs from ComEd, Ameren and
5 the State of Illinois. It's a great start for a
6 comprehensive approach to energy efficiency in
7 Illinois. Thank you.

8 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank
9 you, sir.

10 Josh Jones.

11 STATEMENT

12 BY

13 MR. JOSH JONES:

14 Josh Jones, J-o-s-h, J-o-n-e-s. Good
15 evening, my name is Josh Jones and I'm a clean energy
16 associate for Environment Illinois and I thank you
17 for the opportunity to be here tonight. I'm here
18 tonight in place of our director, Rebecca Stanfield,
19 who couldn't be here but wanted to present the
20 following testimony.

21 It is extremely gratifying and
22 exciting to be able to comment on the first ever

1 Illinois utility energy efficiency plans. Truly a
2 year ago when we began to talk with legislators and
3 others about taking this step in Illinois, there was
4 a reason to be skeptical that Illinois policymakers
5 would embrace the power of efficiency for electric
6 customers and until the bill was signed by the
7 governor, we remained only cautiously optimistic that
8 we would see these plans this year. Environmentally
9 Illinois is grateful to all those who helped to get
10 to this point in the process.

11 In a setting such as this one before
12 utility commissioners where only a very narrow set of
13 interests make recognized appearances to discuss a
14 narrowly defined set technical issue energy effic- --
15 sorry. It is difficult to convey the enthusiasm
16 for -- that is building for energy efficiency.

17 The importance of these programs, the
18 urgent need for eliminating the growth in electricity
19 demand or the many ways in which taking this step
20 will touch lives in Illinois and all over the world.
21 I will take a very brief moment to try to do so.
22 It's worth repeating what you've heard from others,

1 that these energy efficiency programs will lower
2 electric bills, saving Illinoisans millions of
3 dollars each year and, of course, that is one of the
4 primary concerns of this body.

5 This savings will help spur economic
6 growth increasingly constrained by pressure on
7 consumers to pay an increasing proportion of their
8 income on basic needs. In addition, our air quality
9 will improve as we reduce the need for power from the
10 coal-burning power plants that currently serve our
11 electric grids and the incidents of asthma attacks,
12 heart attacks and other health impacts resulting from
13 the pollution emitted by these plants will go down.

14 But the greatest benefit of all is the
15 reduction of global warming pollution. Illinois'
16 emissions of global warming pollution is comparable
17 to many of the most polluting nations in the world.
18 If Illinois were a nation, it would rank 24th amongst
19 the world's most polluting 200 nations for carbon
20 dioxide emissions, therefore, a state like Illinois
21 has the capacity to make a difference by reining in
22 demand and meeting an increasing proportion of demand

1 with clean, renewable energy sources.

2 More than most states, we can

3 contribute to the worldwide effort to rein in the

4 pollution that causes global warming dramatically by

5 midcentury to avoid catastrophic consequences

6 including inundation of the homes of 200 million

7 people who live in costal areas vulnerable to sea

8 rise. Now, these people, of course, are not here

9 today, but they will benefit from these programs in

10 combination with similar work in other states

11 throughout the nation. Up to 40 percent of the

12 world's species will not be able to adapt quickly

13 enough to ecological changes caused by global

14 warming. Many more people will face poverty and

15 hunger. We will continue to see longer and more

16 severe Western wildfire seasons. We will continue to

17 see more severe hurricanes and floods and we will

18 continue to see lower water levels in Lake Michigan

19 fall even as more and more people in drought-stricken

20 areas look to the Great Lakes as a source of water.

21 Throughout the process to date,

22 Environment Illinois has put a high value on getting

1 the programs into the field quickly and I know that
2 has presented it's share of challenges for the
3 stakeholders. Environment Illinois commends ComEd,
4 Ameren and DCEO for their hard work in building the
5 expertise and conducting a fair and open process
6 while meeting the legislation's deadlines.

7 Going forward, we hope to continue our
8 participation as a stakeholder to ensure that the
9 programs meet the standard and deliver the benefits
10 they are designed to deliver. We intend to
11 participate throughout the implementation an
12 evaluation of the three-year plan.

13 The Natural Resources Defense Council
14 has drafted and submitted well-considered guidelines
15 for the structuring and conducting -- for structuring
16 and conducting that process and Environment Illinois
17 is happy to support those recommendations.

18 So I thank you again for the
19 opportunity to present these comments on behalf of
20 Environment Illinois. Thank you.

21 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank
22 you.

1 Ron Jolly.

2 MR. JOLLY: Actually, just put my name down
3 just to register my presence.

4 CHIEF PUBLIC HEARING OFFICER BENSKO: Okay.
5 Toni O-r-n-e-l-a-s.

6 MS. ORNELAS: Same, with the city of Chicago.

7 CHIEF PUBLIC HEARING OFFICER BENSKO: Anne
8 McKibbin.

9 STATEMENT

10 BY

11 MS. MCKIBBIN:

12 Good evening, I'm Anne McKibbin with
13 the Citizens Utility Board, it's A-n-n-e,
14 M-c-K-i-b-b-i-n. Energy efficiency and demand
15 response are really the best ways that Illinois
16 consumers can take control of their own utility
17 bills. Right now they face barriers towards
18 installing energy efficiency equipment, for example,
19 with high up-front costs or some split incentives
20 between landlords and their tenants, often tenants
21 pay the electric bill, but it's up to the landlord to
22 put in energy efficient equipment or windows, so that

1 can be a huge barrier for people even when they know
2 that energy efficiency will benefit them. We're
3 happy -- we're very happy to see this legislation
4 start to address those barriers.

5 Regarding the specific programs, we
6 appreciate the stakeholder process, that DCEO and the
7 companies has engaged us in and we were happy to
8 participate in that.

9 And the programs that came out of that
10 process, we're optimistic that they'll be able to
11 fulfill their goals. We look forward to working with
12 the companies and with DCEO to ensure that those
13 programs fulfill their promise in the actual
14 implementation.

15 CUB believes that these programs and
16 the energy efficiency portfolio and demand response
17 standards in this legislation are really just the
18 beginning of things that Illinois needs to do to
19 bring the benefits of energy efficiency and demand
20 response to consumers and we look to continuing with
21 that work. Thank you.

22 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank

1 you.

2 Douglas Paulin.

3 MR. DOUGLAS PAULIN: Just record that I was
4 here.

5 CHIEF PUBLIC HEARING OFFICER BENSKO: Is there
6 anyone else that would like to speak on the record at
7 this time?

8 (No response.)

9 Seeing none, I will adjourn this
10 meeting and when the court reporter leaves, then
11 we'll do the question-and-answer period.

12 (Which were all
13 the proceedings had.)

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